

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 4, 2025

TO: Honorable Angie Chen Button, Chair, House Committee on Trade, Workforce & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3344 by Curry (relating to the regulation and licensing of reroofing contractors by the Texas Department of Licensing and Regulation; providing administrative and civil penalties; authorizing fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3344, Committee Report 1st House, Substituted: a negative impact of (\$233,882) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	\$0
2027	(\$233,882)
2028	(\$230,132)
2029	(\$230,132)
2030	(\$230,132)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$288,547)	\$288,547	1.5
2027	(\$603,102)	\$369,220	5.0
2028	(\$599,352)	\$369,220	5.0
2029	(\$599,352)	\$369,220	5.0
2030	(\$599,352)	\$369,220	5.0

Fiscal Analysis

The bill would amend the Occupations Code to create a new chapter regarding the licensing and regulation of reroofing contractors. The bill would require the Texas Department of Licensing and Regulation (TDLR) to enforce and administer the chapter, requiring the agency to issue licenses, establish the reroofing contractors advisory board, conduct examinations, assess fees, impose administrative penalties, investigate potential violations, and adopt necessary rules to administer the chapter.

The bill would take effect September 1, 2025, but requirements to hold a license and requirements for licensees take effect September 1, 2026.

Methodology

Based upon analysis provided by TDLR, this estimate assumes that the agency will require 3.5 additional full-time equivalent positions (FTEs) to fully implement the provisions of the bill once requirements for licensees take effect in fiscal year 2027. The agency anticipates needing 0.5 License and Permit Specialist FTE (\$23,000 each year with \$6,881 in estimated benefits) to process the additional amount of licenses, 0.5 Customer Service Representative FTE (\$24,000 each year with \$7,181 in estimated benefits) to contact relevant companies and licensees regarding the new program, 1.0 Programmer FTE (\$100,618 each year with \$30,104 in estimated benefits) for the addition of the license type to the agency's databases, 1.0 Information Technology Business Analyst (\$75,609 each year with \$22,622 in estimated benefits) to assist in rulemaking, define program requirements, test changes and support business divisions, and 0.5 Database Administrator (\$46,860 each year with \$14,020 in estimated benefits) to ensure the security and accuracy of the new program data. This estimate assumes a one-time cost of \$31,236 for equipment and onboarding of the new staff and an additional annual cost of \$18,323 for operating costs related to the new staff. In total, this estimate assumes an annual cost of \$369,220 to implement the provisions of the bill. This estimate assumes that some FTEs will not be employed for the full duration of fiscal year 2026 due to the requirements not yet being enforced, resulting in reduced costs and FTE amounts in the first year.

Based upon analysis provided by the Comptroller of Public Accounts and TDLR, the agency estimates a fee of \$208 for a two-year license and for renewal to generate sufficient revenue to cover the cost of implementing the program. Pursuant to the Texas Occupations Code, Section 51.202, TDLR shall set fees in amounts reasonable and necessary to cover the cost of administering their programs.

Based on analysis provided by the State Office of Administrative Hearings (SOAH), this estimate assumes an increase of 136 TDLR licensing and enforcement cases each fiscal year. Current standard licensing and regulation cases take an average of 14.7 Administrative Law Judge (ALJ) hours per case. Using the current average caseload hours and for an estimated 136 additional cases, SOAH estimates needing an additional 2,000 ALJ hours each year. The average number of case hours completed by an ALJ each year is 1,350 hours. Based on this amount, this estimate assumes SOAH would need an additional 1.5 ALJ FTEs (\$113,278 each year with \$33,893 in estimated benefits). This estimate assumes an annual cost of \$2,626 each fiscal year for operating expenses related to the new staff.

Based upon analysis provided by the Office of the Attorney General and the Office of Court Administration, any additional workload as a result of implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

In addition to costs mentioned above, this estimate assumes an additional one-time cost for TDLR of \$80,000 to issue the change order to add roofing contractors to the TDLR licensing database.

In addition to costs mentioned above, this estimate assumes an additional startup costs for SOAH of \$3,750 for new laptops, equipment, and \$6,750 for software licenses in the first year of implementation. SOAH's technology costs of \$6,750 for software licenses would continue each year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation

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